

Message Text

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PAGE 01 STATE 071642
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FM SECSTATE WASHDC

TO USMISSION GENEVA PRIORITY

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FOL RPT NEW DELHI 3860 ACTION SECSTATE
DATED 18 MAR 77

QUOTE: LIMITED OFFICIAL USE NEW DELHI 3860

E.O. 11652: N/A

TAGS: SNAR, IN

SUBJECT: INDIAN OPIUM EXPORTS TO THE U.S.

REF: STATE 059825

1. BEGIN UNCLASSIFIED INDIAN PRODUCTION AND EXPORT OF OPIUM HAVE BEEN GUIDED BY TWO BASIC POLICIES: MAXIMIZING PRODUCTION WITHIN THE LIMITS IMPOSED BY EFFECTIVE CONTROL MECHANISM, AND ALLOCATING OPIUM AVAILABLE FOR EXPORT TO FOREIGN BUYERS ON THE BASIS OF TRADITIONAL MARKET SHARES. NET RESULT OF THESE TWO POLICIES HAS BEEN GRADUAL INCREASE IN AMOUNT OF OPIUM AVAILABLE FOR PURCHASE BY U.S. COMPANIES.

2. IN PURSUIT OF INCREASED PRODUCTION, GOI HAS FOLLOWED THREE TACTICS. FIRST, GOVERNMENT HOPED TO INCREASE POPPY ACREAGE BY ABOUT FIVE PERCENT THIS CROP YEAR. THIS FOLLOWED INCREASE
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OF MORE THAN 20 PERCENT IN 1976 OVER 1975. SECOND, GOVT HAS RAISED THE PURCHASE PRICE OF OPIUM AS AN INCENTIVE TO FARMERS IN THE CONTROLLED AREA TO PLANT OPIUM RATHER THAN COMPETITOR CROP. THIRD, GOI HAS AN ACTIVE RESEARCH PROGRAM TO INCREASE THE MORPHINE YIELD OF OPIUM GUM, AS WELL AS OTHER PROGRAM ASPECTS AIMED AT IMPROVING YIELD PER ACRE.

3. THESE POLICIES HAVE BEEN ADOPTED LARGELY IN RESPONSE TO PRESSURE FROM CONSUMING COUNTRIES, PARTICULARLY THE UNITED STATES.

4. BECAUSE OF BAD WEATHER IN OPIUM GROWING AREAS AND PEST PROBLEMS, OPIUM PRODUCTION LAST YEAR WAS UP ONLY 10 PERCENT. THUS U.S. ALLOCATION UNDER TRADITIONAL SHARE POLICY ROSE FROM 195 TONS IN 1975 TO ABOUT 215 TONS. WE DO NOT YET HAVE A READING ON OPIUM CROP ESTIMATE FOR THIS YEAR, BUT HAVE NO REASON TO DOUBT THAT U.S. BUYERS WILL BE ALLOCATED THEIR TRADITIONAL SHARE OF ANY INCREASE IN PRODUCTION AVAILABLE FOR EXPORT. END UNCLASSIFIED

5. BEGIN LIMITED OFFICIAL USE. IN RESPONSE TO A DIRECT APPEAL LAST MARCH, GOI ALLOCATED AN "ADDITIONAL" 54 TONS TO THE UNITED STATES FROM 1976 CROP. THIS FIGURE INCLUDED AN UNKNOWN AMOUNT UNDER AN OPIUM/CODEINE EXCHANGE WITH MALLINCKRODT AND PROBABLY ALSO INCLUDED THE 20 TONS WHICH REPRESENTED THE U.S. TRADITIONAL SHARE IN TOTAL INCREASED PRODUCTION LAST YEAR. WHATEVER THE DETAILS BEHIND THE FIGURE, THE GOI EXTENDED ITSELF TO RESPOND TO A REAL U.S. NEED.

6. EMBOFF WILL BE MEETING WITH OFFICIAL OF MINISTRY OF FINANCE RESPONSIBLE FOR NARCOTICS AFFAIRS MARCH 21 AND WILL ATTEMPT TO OBTAIN PRECISE DETAILS ON 1976 U.S. ALLOCATION, 1976 SHIPMENTS (WHICH WE EXPECT ARE PROBABLY NOT YET AVAILABLE), 1977 ACTUAL ACRES PLANTED, AND OUTLOOK FOR 1977 CROP
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Message Attributes

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Control Number: n/a
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